



HEALTH ANNUAL STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2005  
OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code	0000	0000	NAIC Company Code	95562	Employer's ID Number	38-3252216
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [ ]		Property/Casualty [ ]		Dental Service Corporation [ ]	
	Vision Service Corporation [ ]		Other [ ]		Health Maintenance Organization [ X ]	
	Hospital, Medical & Dental Service or Indemnity [ ]		Is HMO, Federally Qualified? Yes [ ] No [ X ]			
Incorporated/Organized	05/24/1995		Commenced Business	08/01/1996		
Statutory Home Office	2369 Woodlake Dr, Suite 200			Okemos, MI 48864		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	2369 Woodlake Dr, Suite 200					
	Okemos, MI 48864			517-349-9922		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	2369 Woodlake Dr, Suite 200			Okemos, MI 48864		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	2369 Woodlake Dr, Suite 200					
	Okemos, MI 48864			517-706-6604		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.ccmhmo.org					
Statutory Statement Contact	Kimberly A. Saxton			517-706-6604		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	kim.saxton@csmg-online.com			517-349-5343		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	2369 Woodlake Dr, Suite 200					
	(Street and Number)					
	Okemos, MI 48864			800-390-7102		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Christine Baumgardner	Board President	Chris Shea	Board Vice-President
Sharron Gallop	Board Secretary-Treasurer		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Velma Hendershott	AJ Jones	Denise Holmes	Anthony King
Patricia Teague	Evonne Williams	Sharron Gallop	Christine Baumgardner
Chris Shea	Gwendolyn Williams		

State of .....Michigan.....  
County of .....Ingham.....  
ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Joanne Volovar Executive Director	Pamela S. Sedmak Chief Financial Officer	Christine Baumgardner Board President
Subscribed and sworn to before me this		a. Is this an original filing? Yes [ X ] No [ ]
_____ day of _____,		b. If no,
_____		1. State the amendment number _____
		2. Date filed _____
		3. Number of pages attached _____

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

# ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## EXHIBIT 3 - HEALTH CARE RECEIVABLES

[illegible]

**EXHIBIT 4 – CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)**

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1 Affiliate	2 Description	3 Amount	4 Current	5 Non-Current
	NONE			
0199999 Individually listed payables.....		0	0	0
0299999 Payables not individually listed				
0399999 Total gross payables		0	0	0

EXHIBIT 7 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups .....	.0	.0.0		.0.0		
2. Intermediaries .....	.0	.0.0		.0.0		
3. All other providers .....	2,251,603	2.7		.0.0	143,000	2,108,603
4. Total capitation payments .....	2,251,603	2.7	0	.0.0	143,000	2,108,603
Other Payments:						
5. Fee-for-service .....	11,546,612	14.0	XXX	XXX		11,546,612
6. Contractual fee payments .....	62,766,378	76.2	XXX	XXX		62,766,378
7. Bonus/withhold arrangements - fee-for-service .....	5,855,439	7.1	XXX	XXX	3,021,385	2,834,054
8. Bonus/withhold arrangements - contractual fee payments .....	.0	.0.0	XXX	XXX		
9. Non-contingent salaries .....	.0	.0.0	XXX	XXX		
10. Aggregate cost arrangements .....	.0	.0.0	XXX	XXX		
11. All other payments .....	.0	.0.0	XXX	XXX		
12. Total other payments .....	80,168,429	97.3	XXX	XXX	3,021,385	77,147,044
13. TOTAL (Line 4 plus Line 12)	82,420,032	100 %	XXX	XXX	3,164,385	79,255,647

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1 NAIC Code	2 Name of Intermediary	3 Capitation Paid	4 Average Monthly Capitation	5 Intermediary's Total Adjusted Capital	6 Intermediary's Authorized Control Level RBC
	NONE				
9999999 Totals			XXX	XXX	XXX

EXHIBIT 8 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

Description	1	2	3	4	5	6
	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment .....	NONE					
2. Medical furniture, equipment and fixtures .....						
3. Pharmaceuticals and surgical supplies .....						
4. Durable medical equipment .....						
5. Other property and equipment						
6. Total	0	0	0	0	0	0





ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Community Choice Michigan 2. (LOCATION)

NAIC Group Code		0000		BUSINESS IN THE STATE OF Michigan		DURING THE YEAR 2005						NAIC Company Code		95562	
		1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13	
			2	3											
		Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other	
Total Members at end of:															
1. Prior Year .....		49,047								49,047					
2. First Quarter .....		47,815								47,815					
3. Second Quarter .....		50,515								50,515					
4. Third Quarter .....		47,222								47,222					
5. Current Year .....		46,995								46,995					
6. Current Year Member Months		576,991								576,991					
Total Member Ambulatory Encounters for Year:															
7. Physician .....		172,591								172,591					
8. Non-Physician .....		235,331								235,331					
9. Total		407,922	0	0	0	0	0	0	0	407,922	0	0	0	0	
10. Hospital Patient Days Incurred		18,563								18,563					
11. Number of Inpatient Admissions		4,362								4,362					
12. Health Premiums Written.....		101,242,337								101,242,337					
13. Life Premiums Direct .....		0													
14. Property/Casualty Premiums Written.....		0													
15. Health Premiums Earned.....		101,983,706								101,983,706					
16. Property/Casualty Premiums Earned.....		0													
17. Amount Paid for Provision of Health Care Services .....		82,420,032								82,420,032					
18. Amount Incurred for Provision of Health Care Services		79,716,771								79,716,771					

(a) For health business: number of persons insured under PPO managed care products \_\_\_\_\_ and number of persons under indemnity only products \_\_\_\_\_



ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION Community Choice Michigan 2. (LOCATION)

NAIC Group Code	0000	BUSINESS IN THE STATE OF Consolidated		DURING THE YEAR 2005							NAIC Company Code		95562
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year .....	49,047	0	0	0	0	0	0	0	49,047	0	0	0	0
2. First Quarter .....	47,815	0	0	0	0	0	0	0	47,815	0	0	0	0
3. Second Quarter .....	50,515	0	0	0	0	0	0	0	50,515	0	0	0	0
4. Third Quarter .....	47,222	0	0	0	0	0	0	0	47,222	0	0	0	0
5. Current Year	46,995	0	0	0	0	0	0	0	46,995	0	0	0	0
6. Current Year Member Months	576,991	0	0	0	0	0	0	0	576,991	0	0	0	0
Total Member Ambulatory Encounters for Year:													
7. Physician .....	172,591	0	0	0	0	0	0	0	172,591	0	0	0	0
8. Non-Physician .....	235,331	0	0	0	0	0	0	0	235,331	0	0	0	0
9. Total	407,922	0	0	0	0	0	0	0	407,922	0	0	0	0
10. Hospital Patient Days Incurred	18,563	0	0	0	0	0	0	0	18,563	0	0	0	0
11. Number of Inpatient Admissions	4,362	0	0	0	0	0	0	0	4,362	0	0	0	0
12. Health Premiums Written .....	101,242,337	0	0	0	0	0	0	0	101,242,337	0	0	0	0
13. Life Premiums Direct .....	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Property/Casualty Premiums Written .....	0	0	0	0	0	0	0	0	0	0	0	0	0
15. Health Premiums Earned .....	101,983,706	0	0	0	0	0	0	0	101,983,706	0	0	0	0
16. Property/Casualty Premiums Earned .....	0	0	0	0	0	0	0	0	0	0	0	0	0
17. Amount Paid for Provision of Health Care Services .....	82,420,032	0	0	0	0	0	0	0	82,420,032	0	0	0	0
18. Amount Incurred for Provision of Health Care Services	79,716,771	0	0	0	0	0	0	0	79,716,771	0	0	0	0

(a) For health business: number of persons insured under PPO managed care products 0 and number of persons under indemnity only products 0

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SCHEDULE A - VERIFICATION BETWEEN YEARS

Real Estate

1. Book/adjusted carrying value, December 31, prior year.....	0
2. Increase (decrease) by adjustment:	
2.1 Totals, Part 1, Column 11 .....	0
2.2 Totals, Part 3, Column 7 .....	0
3. Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances, Column 7, and net of credit to permanent improvements (Column 9) .....	0
4. Cost of additions and permanent improvements:	
4.1 Totals, Part 1, Column 14.....	0
4.2 Totals, Part 3, Column 9 .....	0
5. Total profit (loss) on sales, Part 3, Column 14 .....	0
6. Increase (decrease) by foreign exchange adjustment:	
6.1 Totals, Part 1, Column 12.....	0
6.2 Totals, Part 3, Column 8 .....	0
7. Amounts received on sales, Part 3, Column 11 and Part 1, Column 13 .....	0
8. Book/adjusted carrying value at end of current period .....	0
9. Total valuation allowance .....	
10. Subtotal (Lines 8 plus 9) .....	0
11. Total nonadmitted amounts .....	
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column) .....	0

SCHEDULE B - VERIFICATION BETWEEN YEARS

Mortgage Loans

1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31, prior year .....	0
2. Amount loaned during year:	
2.1 Actual cost at time of acquisitions .....	
2.2 Additional investment made after acquisitions .....	0
3. Accrual of discount and mortgage interest points and commitment fees .....	
4. Increase (decrease) by adjustment .....	
5. Total profit (loss) on sale .....	
6. Amounts paid on account or in full during the year .....	
7. Amortization of premium .....	
8. Increase (decrease) by foreign exchange adjustment .....	
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period .....	0
10. Total valuation allowance .....	
11. Subtotal (Lines 9 plus 10) .....	0
12. Total nonadmitted amounts .....	
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column).....	0

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Long-Term Invested Assets

1. Book/adjusted carrying value of long-term invested assets owned, December 31, prior year .....	0
2. Cost of acquisitions during year:	
2.1 Actual cost at time of acquisitions .....	
2.2 Additional investment made after acquisitions .....	0
3. Accrual of discount .....	
4. Increase (decrease) by adjustment .....	
5. Total profit (loss) on sale .....	0
6. Amounts paid on account or in full during the year .....	
7. Amortization of premium .....	
8. Increase (decrease) by foreign exchange adjustment .....	
9. Book/adjusted carrying value of long-term invested assets at end of current period .....	0
10. Total valuation allowance .....	
11. Subtotal (Lines 9 plus 10) .....	0
12. Total nonadmitted amounts .....	
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3).....	0

Schedule D - Part 1A - Section 1  
**NONE**

Schedule D - Part 1A - Section 2  
**NONE**

Schedule DA - Part 2  
**NONE**

Schedule DB - Part A - VBY  
**NONE**

Schedule DB - Part B - VBY  
**NONE**

Schedule DB - Part C - VBY  
**NONE**

Schedule DB - Part D - VBY  
**NONE**

Schedule DB - Part E - VBY  
**NONE**

Schedule DB - Part F - Section 1  
**NONE**

Schedule DB - Part F - Section 2  
**NONE**

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## SCHEDULE S - PART 1 - SECTION 2

**Reinsurance Assumed for Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year**

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## SCHEDULE S - PART 2

**Reinsurance Recoverable on Paid and Unpaid Losses Listed by Reinsuring Company as of December 31, Current Year**

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## SCHEDULE S - PART 3 - SECTION 2

**Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year**

[illegible]

## ANNUAL STATEMENT FOR THE YEAR 2005 OF THE Community Choice Michigan

## SCHEDULE S - PART 4

### Reinsurance Ceded to Unauthorized Companies

[illegible]



Schedule S-Part 5  
Five-Year Exhibit of Reinsurance Ceded Business  
(000 Omitted)

	1 2005	2 2004	3 2003	4 2002	5 2001
<b>A. OPERATIONS ITEMS</b>					
1. Premiums.....	0	0	0	0	0
2. Title XVIII-Medicare.....	0	0	0	0	0
3. Title XIX-Medicaid.....	259	498	325	339	348
4. Commissions and reinsurance expense allowance.....		0	0	0	0
5. Total hospital and medical expenses.....		0	0	0	0
<b>B. BALANCE SHEET ITEMS</b>					
6. Premiums receivable .....		0	0	0	0
7. Claims payable.....		0	0	0	0
8. Reinsurance recoverable on paid losses.....	199	0	0	0	0
9. Experience rating refunds due or unpaid.....		0	0	0	156
10. Commissions and reinsurance expense allowances unpaid.....		0	0	0	0
11. Unauthorized reinsurance offset.....	0	0	0	0	0
<b>C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)</b>					
12. Funds deposited by and withheld from (F).....	0	0	0	0	0
13. Letters of credit (L).....	0	0	0	0	0
14. Trust agreements (T).....	0	0	0	0	0
15. Other (O)	0	0	0	0	0

SCHEDULE S-PART 6  
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10) .....	31,062,246		31,062,246
2. Accident and health premiums due and unpaid (Line 13).....	0		0
3. Amounts recoverable from reinsurers (Line 14.1).....	199,160		199,160
4. Net credit for ceded reinsurance.....	XXX	199,160	199,160
5. All other admitted assets (Balance).....	1,392,631		1,392,631
6. Total assets (Line 26)	32,654,037	199,160	32,853,197
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	11,874,383	0	11,874,383
8. Accrued medical incentive pool and bonus payments (Line 2).....	368,405		368,405
9. Premiums received in advance (Line 8).....	0		0
10. Reinsurance in unauthorized companies (Line 18).....	0		0
11. All other liabilities (Balance).....	4,169,179		4,169,179
12. Total liabilities (Line 22).....	16,411,967	0	16,411,967
13. Total capital and surplus (Line 31).....	16,242,070	XXX	16,242,070
14. Total liabilities, capital and surplus (Line 32)	32,654,037	0	32,654,037
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....	0		
16. Accrued medical incentive pool.....	0		
17. Premiums received in advance .....	0		
18. Reinsurance recoverable on paid losses .....	199,160		
19. Other ceded reinsurance recoverables .....	0		
20. Total ceded reinsurance recoverables .....	199,160		
21. Premiums receivable .....	0		
22. Unauthorized reinsurance .....	0		
23. Other ceded reinsurance payables/offsets .....	0		
24. Total ceded reinsurance payable/offsets .....	0		
25. Total net credit for ceded reinsurance	199,160		

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## SCHEDULE Y

## PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

[illegible]

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of **WAIVED** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

1.

Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?

.....YES.....
2.

Will an actuarial opinion be filed by March 1?

.....YES.....
3.

Will the Risk-based Capital Report be filed with the NAIC by March 1?

.....YES.....
4.

Will the Risk-based Capital be filed with the state of domicile, if required by March 1?

.....YES.....

APRIL FILING

5.

Will Management's Discussion and Analysis be filed by April 1?

.....YES.....
6.

Will the Investment Risks Interrogatories be filed by April 1?

.....YES.....

JUNE FILING

7.

Will an audited financial report be filed by June 1?

.....YES.....

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

MARCH FILING

8.

Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?

.....NO.....
9.

Will the Supplemental Life data due March 1 be filed with the state of domicile and the NAIC?

.....NO.....
10.

Will the Supplemental Property/Casualty data due March 1 be filed with the state of domicile and the NAIC?

.....NO.....
11.

Will the Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?

.....NO.....

APRIL FILING

12.

Will the Long-Term Care Experience Reporting Forms be filed with the state of domicile by April 1?

.....NO.....
13.

Will the Supplemental Life data due April 1 be filed with the state of domicile and the NAIC?

.....NO.....
14.

Will the Supplemental Property/Casualty data due April 1 be filed with the state of domicile and the NAIC?

.....NO.....

EXPLANATION:

8.
9.
10.
11.
12.
13.
14.

BAR CODE:

8.

  
9 5 5 6 2 2 0 0 5 3 6 0 0 0 0 0 0
9.

  
9 5 5 6 2 2 0 0 5 2 0 5 0 0 0 0 0
10.

  
9 5 5 6 2 2 0 0 5 2 0 7 0 0 0 0 0
11.

  
9 5 5 6 2 2 0 0 5 4 2 0 5 8 0 0 0
12.

  
9 5 5 6 2 2 0 0 5 3 1 0 5 8 0 0 0
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9 5 5 6 2 2 0 0 5 2 0 5 0 0 0 0 0
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9 5 5 6 2 2 0 0 5 2 0 7 0 0 0 0 0

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